

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF MT.)	CASE NO. 7800-B
OLIVET NATURAL GAS COMPANY, INC.)	

O R D E R

On October 13, 1980, the Commission issued its Final Order in Case No. 7800 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased.

On September 30, 1980, Columbia Gas Transmission Corporation (Transmission) filed with the Federal Energy Regulatory Commission (FERC) a general rate increase proposed to become effective November 1, 1980. That filing was suspended by FERC for a period of five months until April 1, 1981.

On March 13, 1981, Transmission filed with FERC a revised tariff that is to become effective April 1, 1981. The Commission has no jurisdiction in that case.

On March 19, 1981, the Applicant Mt. Olivet Natural Gas Company, Inc. (Mt. Olivet) notified the Commission that its wholesale cost of gas would be increased by its supplier, Transmission, effective April 1, 1981, and submitted with its Notice certain information in compliance with this Commission's Order of October 13, 1980. The Notice set out certain revisions in rates which the Applicant proposed to place in effect, said rates being designed to increase the cost of natural gas of its supplier in the amount of \$4,812.

On November 9, 1978, the President of the United States signed into law the Natural Gas Policy Act of 1978, which established significantly higher rates for producers of certain categories of natural gas. This federal legislation has resulted in higher gas costs to interstate pipeline companies serving the various gas consuming states, including Kentucky. Once the FERC approves the right of these interstate transmission companies to pass this increased cost on to its distribution company customers, state commissions must, in turn pass on the matter of intrastate distributors recovering their increased cost of gas by adjusting their basic rates to their customers.

After reviewing this evidence of record and being advised, the Commission is of the opinion and finds:

1. The Commission has long stated (in writing to FERC) its opposition to the procedures and regulations used by the Federal Energy Regulatory agency in approving these supplier increases. We continue to be opposed and are continuing to seek alternative ways to overcome the regulatory inequities which have such a direct impact on the retail consumers.

2. The Federal Energy Regulatory Commission approval of a wholesale rate increase to a Kentucky gas retailer requires approval by the Commission of rates that will permit the Kentucky utility to adjust its customer charges to reflect the added purchase cost or alternately the utility must absorb the added cost. We are of the opinion that failure to allow this increase to be passed through to its retail consumers on a timely basis would be unjust to the Company and would ultimately result in higher rates to their consumers in any event.

3. When the FERC "accepts" Transmission filing, Transmission will begin charging the Applicant the new rates. This Order cannot be implemented until and unless this occurs.

4. That the Applicant's supplier, Transmission, has filed with the FERC for increased rates to become effective April 1, 1981.

5. That this increase reflects Transmission's rates as filed with FERC on March 13, 1981, and to be effective April 1, 1981.

6. That the application filed March 19, 1981, does not provide the Commission with the twenty day statutory notice and, therefore, the rates should become effective on April 8, 1981.

7. That the Commission should allow the Applicant to place into effect, subject to refund, the rates set out in Appendix "A" as soon as Transmission's filing is "accepted" by FERC but not prior to April 8, 1981.

8. That the Applicant's adjustment in rates under the Purchased Gas Adjustment Clause approved by the Commission in its Order in Case No. 7800 dated October 13, 1980, is fair, just and reasonable, in the public interest and should be effective with gas supplied on and after the date the increased cost of wholesale gas becomes effective, but not prior to April 8, 1981.

IT IS THEREFORE ORDERED that said Purchased Gas Adjustment sought by the Applicant and adjusted as aforesaid mentioned be and the same is hereby approved to be effective, subject to refund, with gas supplied on and after the date the increased cost of wholesale gas becomes effective ("acceptance" by FERC) but not prior to April 8, 1981, as set out in Appendix "A" attached hereto and made a part hereof.

IT IS FURTHER ORDERED that Mt. Olivet Natural Gas Company shall maintain its records in such manner as will enable it, or the Commission, or any of its customers to determine the amount to be refunded and to whom due in the event a refund is ordered by the Commission.

IT IS FURTHER ORDERED that for the purpose of the future application of the Purchased Gas Adjustment Clause of the Applicant the Base Rate for purchased gas shall be:

	<u>Demand</u>	<u>Commodity</u>
Columbia Gas Transmission Corporation	-	\$ 2.8908
Columbia LNG Corporation	-	\$ 5.0643*

*Includes Transportation Charge of \$0.2743

IT IS FURTHER ORDERED that the information furnished this Commission by Applicant on March 19, 1981, constitutes full compliance with the Commission's Order in Case No. 7800 and any other information ordinarily required to be filed under the Commission's Regulations is hereby waived.

IT IS FURTHER ORDERED that within thirty (30) days after the date the increased cost of wholesale gas becomes effective, Applicant shall file with this Commission its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 13th day of April, 1981.

PUBLIC SERVICE COMMISSION

Marlin M. Volk
By the Commission

ATTEST:

Secretary

APPENDIX "A"

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 7800-B DATED APRIL 13,
1981.

The following rates are prescribed for the customers in the area served by Mt. Olivet Natural Gas Company, Inc. All other rates and charges not specifically metioned herein shall remain the same as those in effect under authority of the Commission prior to the date of this Order.

RATES: Monthly

First	1,000 cu. ft. or less	6.03 (Minimum Bill)
Next	4,000 cu. ft. 1,000 cu. ft.	4.290
Next	5,000 cu. ft. 1,000 cu. ft.	4.090
Next	10,000 cu. ft. per 1,000 cu. ft.	3.940
Over	20,000 cu. ft. per 1,000 cu. ft.	3.740